

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, September 21, 2023
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on September 21, 2023, at 10:59 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bill Kendig (Public Member); Julie Sande (Commissioner, DCCED); Adam Crum (Commissioner, DOR); Albert Fogle (Public Member); Randy Eledge (Public Member); and Bill Vivlamore (Public Member).

3. AGENDA APPROVAL

MOTION: A motion was made by Vice-Chair Kendig to adopt the agenda, as presented. Motion seconded by Mr. Fogle.

The motion to adopt the agenda as presented passed without objection.

4. PRIOR MINUTES – August 2, 2023

MOTION: A motion was made by Vice-Chair Kendig to approve the Minutes of August 2, 2023, as presented. Motion seconded by Mr. Fogle.

The motion to approve the Minutes of August 2, 2023 passed without objection.

5. PUBLIC COMMENTS

Rick Fox of Fairweather, LLC informed that Fairweather is now a member of the Doyon family of companies. Mr. Fox discussed Fairweather's background of support services in Alaska for oil and gas, mining, resource, and projects for the military. He reviewed the support Fairweather has performed over the years for Mustang Development and expressed confidence in the successful drilling and completion of the wells. Mr. Fox explained that Fairweather became a creditor, rather than a contractor, when AIDEA foreclosed on Brooks Range Petroleum Corporation. Recently, Fairweather agreed to settle the liens for 30 cents on the dollar. Mr. Fox emphasized that Fairweather prefers to work than to litigate. Mr. Fox expressed support for the agreement and plan between AIDEA and Finnex. Fairweather is ready to begin work on the project again and to do their best to ensure that Finnex is successful in developing the Mustang field. There were no questions.

Chair Pruhs welcomed former Board member Bernie Karl to provide public comments. Mr. Karl introduced himself as an imagineer. He expressed total support for AIDEA's decision to sell Mustang to Finnex. He believes Finnex will be successful. There were no questions.

Chair Pruhs requested that each person in attendance who did not comment identify themselves for the record: Zach Albert, Brandon Brefczynski, Raymie Hamann, and Randy Ruaro, AIDEA; Adam Cook and Zoe Eisberg, Birch Horton, Bittner & Cheroot; Bob Stinson, Conam Construction; Blake Audry and Susan Childs, Fairweather; Harry Bockmeulen, David Gleason, and Gordon Pospodil, Finnex; Wescott Bott, HDR; John Springsteen, Office of the Governor; Natalie Cale, Ounalashka Corporation; Joe Balash, Santos; and Unidentified Speaker.

6. NEW BUSINESS

MOTION: A motion was made by Vice-Chair Kendig to enter into executive session for the purpose of discussing the following: personnel, litigation, FY25 Budget, and matters related to Mustang. These matters, which if discussed publicly, would have an adverse effect upon the finances of AIDEA, matters that are attorney/client privilege, and matters involving consideration of government records that by law are not subject to public disclosure. Each of these matters in the executive session are supported by the Open Meetings Act, reference AS 44.62.310 (C.1, 3, 4).

Chair Pruhs requested to add discussion of Makushin within executive session. There was no objection.

The motion to enter into Executive Session passed without objection.

6A. EXECUTIVE SESSION: 11:13 am. Confidential and deliberative matters related to: Personnel, Litigation, FY25 Budget, and Mustang.

The Board reconvened its regular meeting at 1:37 pm. Chair Pruhs advised that the Board did not take any action on matters discussed while in Executive Session. The session was limited to discussion of matters directly protected from public disclosure by the Open Meetings Act.

6B. Resolution No. G23-10 – Mustang Holding LLC Regarding Resolution G21-17

Chair Pruhs requested Mr. Ruaro present Resolution G23-10. Mr. Ruaro provided an overview of the relationship between Resolution G23-10 and former Resolution G21-17. Mr. Ruaro discussed the “as is where is” sale of Mustang Holding LLC authorized within Resolution G23-10.

Chair Pruhs asked if the sale agreement includes a quarterly or annual review by AIDEA of Finnex’s performance to understand the progress of the producers. Mr. Ruaro advised that the irrevocable letter of credit provides a guarantee of payment to AIDEA. He believes that Finnex would be available to share progress information quarterly. Mr. Ruaro asked Mr. Pospodil to confirm. Mr. Pospodil explained that Finnex will be in the ownership position. A plan of development will be provided to the Department of Natural Resources for approval and annual reports will be issued. Mr. Pospodil expects timely updates regarding progress to be available as the approved plan is implemented. Mr. Ruaro continued the review of Resolution G23-10 and indicated that the closing will occur within 30 days.

Mr. Fogle requested Mr. Pospodil to publicly explain the agreement to develop the lease and to provide payments through the letter of credit. Mr. Pospodil discussed that Finnex is prepared to become the operator of the Mustang Unit and to submit a plan of phased development to return the

unit to production. He discussed the milestones for the phased processing of this plan. Mr. Fogle asked if there is a letter of credit with an Alaskan-based bank if Finnex does not abide by the payments structure within the agreement. Mr. Pospodil agreed there will be a letter of credit. He noted that the bank has not yet been selected. It will be a U.S. bank, and it is reasonable that the bank could be an Alaskan bank. Mr. Fogle asked for the estimated number of Alaskan jobs that are expected to be created. Mr. Pospodil explained that 120 jobs would be created in the initial construction phase, with the expectation of 10 to 20 permanent jobs. Additionally, the project is important to Finnex's service providers, such as Fairweather and Conam. The project will be substantial in terms of utilizing Alaskan workers and service providers.

Mr. Fogle expressed support for the resolution.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution G23-10. Motion seconded by Mr. Fogle.

Commissioner Crum expressed appreciation to Mr. Ruaro and staff for their dedicated efforts during the long process of identifying the means to cultivate potential development in Alaska while removing long-term liabilities from AIDEA.

Mr. Fogle thanked Conam, Fairweather, and others for their collaboration in bringing the project back on-line.

A roll call was taken, and the motion to approve Resolution G23-10 passed unanimously.

6C. Resolution No. G23-11 – Makushin Loan Guarantee

Chair Pruhs informed that Item 6C. Resolution No. G23-11 is postponed.

6D. FY24 Draft Board Meeting Dates

Chair Pruhs requested members to review the provided dates and email Mr. Ruaro with any changes or suggestions.

Mr. Fogle requested that the 2024 meeting dates are finalized by next month.

7. DIRECTORS COMMENTS

7A. Project Updates

Mr. Ruaro reviewed the project updates. Cineflex footage and LIDAR has been collected for the West Susitna Project. Work continues with a hydrologist regarding the narrowed scope of the Federal jurisdictional wetlands. The same effort is occurring with the Ambler Access Project. The ongoing litigation continues regarding the cancellation of the Section 1002 Area Leases in Arctic National Wildlife Refuge (ANWR). Additional updates will be provided at the next Board meeting. An appraisal is underway for the FedEx Aircraft Maintenance Facility. There were no questions.

7B. Loan Dashboard Report

Tiffany Janssen, Chief Loan Director AIDEA, discussed that the portfolio remains at a 0%

delinquency rate. She informed that the pipeline of pending applications is robust at over \$50 million, and loans are brought to the Investment Committee on a weekly basis. The larger pending applications listed in the report are awaiting additional critical documents before they proceed through the standard approval process.

7C. Development Project Fact Sheets

Josie Wilson, Director of Communications and External Affairs AIDEA, indicated that the project fact sheets are reported on a quarterly basis and are included in the packet.

Mr. Fogle asked Ms. Wilson's opinion regarding the discussion within the strategic planning session to hire a marketing firm to help with the overall brand and marketing of the organization. Ms. Wilson expressed support. She noted that options are currently being pursued and updates will be provided at the next Board meeting or in the near future.

Mr. Eledge asked if his understanding is correct that Duck Point Development has garnered over 500,000 visitors. Ms. Wilson discussed that the Duck Point Development at Icy Strait Point is a very successful project with Huna Totem Corporation and has gained national and international coverage. She believes this project highlights AIDEA's commitment to many industries, including tourism. There were no further questions.

7D. Next regularly scheduled AIDEA Board Meeting Wednesday, October 25, 2023

8. BOARD COMMENTS

Mr. Fogle expressed appreciation to Mr. Ruaro and staff for their outstanding work.

Commissioner Sande noted that AIDEA staff attended the recent Southeast Conference. She expressed appreciation for their presentation and involvement.

Vice-Chair Kendig echoed the comments of appreciation to staff.

Mr. Eledge commended Mr. Ruaro for his leadership and commended staff for their efforts.

Chair Pruhs reiterated the comments of appreciation to staff.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 2:03 pm.



Randy Ruaro, AIDEA Executive Director

Secretary